

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

REVIEW REPORT  
OF  
INDIANA DEPARTMENT OF ADMINISTRATION  
October 1, 2003 to September 30, 2006



**FILED**  
04/03/2007



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#### AGENCY OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Commissioner	F. Daniel Gettelfinger (Interim)	09-26-03 to 10-05-03
	Charles R. Martindale	10-06-03 to 01-09-05
	Earl Goode	01-10-05 to 05-29-06
	Carrie Henderson	05-30-06 to 01-11-09



# STATE OF INDIANA

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE INDIANA DEPARTMENT OF ADMINISTRATION

We have reviewed the receipts, disbursements, and assets of the Indiana Department of Administration for the period of October 1, 2003 to September 30, 2006. The Indiana Department of Administration's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Indiana Department of Administration are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

January 25, 2006

INDIANA DEPARTMENT OF ADMINISTRATION  
REVIEW COMMENTS  
September 30, 2006

CAPITAL ASSET AGREEMENT

As stated in our prior six reports (most recently B19408 and B23099) the Department of Administration, per Indiana Code 4-13-1-20, has the responsibility to maintain the State's capital asset inventory. Through a written agreement, the Auditor of State has agreed to collect asset information through the cooperation of state agencies. Procedures require each state agency to send timely updates of capital asset purchases or retirements of \$20,000 or more to the Auditor of State.

Through our testing we found that state agencies do not consistently comply with the above requirement. The Auditor of State has to rely on voluntary compliance from the state agencies due to legal authority resting with the Department of Administration.

The Indiana Department of Administration, to fulfill its statutory requirements in Indiana Code 4-13-1-20 regarding personal property may monitor capital asset inventory recording and reporting and may correspond with the agencies, the Auditor of State and State Board of Accounts, to ensure compliance. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 10)

GARAGE PASS SDO

The bank reconciliation for the Garage Pass SDO, LP number 5421, has outstanding checks totaling \$1,094 written between 1992 and 2006. The Garage Pass SDO funding source was from deposits made by employees in exchange for garage passes. These deposits were refundable to the employees. Because these checks were a returns of deposits, outstanding checks over one year old should be forwarded to the Unclaimed Property Division of the Attorney General's Office.

Indiana Code 32-34-1-20 (c)(7) provides that property becomes abandoned if held by the state or other government, governmental subdivision or agency, or public corporation or their public authority one year after the property becomes distributable.

Indiana Codes 32-34-1-26 and 27 require a holder of property presumed abandoned and subject to custody as unclaimed property to report in writing and pay or deliver the property to the Attorney General.

The prior report (B23099) review comment entitled "Internal Controls over SDO funds" also suggested that the Department of Administration consider closing the fund center and issuing refunds to employees.

INDIANA DEPARTMENT OF ADMINISTRATION  
REVIEW COMMENTS  
September 30, 2006  
(Continued)

DAILY DEPOSITS

The State Motor Pool and Central Printing did not consistently deposit receipts for insurance recoveries, vehicle rentals and other receipts within the following business day.

Indiana Code 5-13-6-1(b) states in part: ". . . all public funds . . . shall be deposited with the treasurer of state, or an approved depository selected by the treasurer of state not later than the business day following the receipt of the funds. . . ."

IMPROPER CLASSIFICATION OF REVENUE

The State Motor Pool prepares all Interdepartmental Billings to state agencies using a revenue code of 490001, which is miscellaneous revenue. This does not allow for the necessary segregation of revenues into categories such as, vehicle leases, mechanic services and sales of parts and supplies.

The agency has the responsibility for recording and submitting documents prepared as input to the Auditor of State's accounting system. The proper utilization of the state system includes, among other things, proper classification of the transaction. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 1)

INTERNAL CONTROLS OVER SDO RECONCILIATIONS

The preparer and reviewer of the SDO reconciliations are not signing the signature lines on a consistent basis. The lack of signatures by the preparer and reviewer precludes us from determining whether the reconciliation is being properly reviewed.

The reconciliation of the SDO advance must be formally documented at least monthly. The best control is provided when the reconciliation is prepared or reviewed by staff independent of the functions of preparing checks or maintaining the check register. (Accounting and Uniform Compliance Guidelines Manual for State Agencies, Chapter 7)

INDIANA DEPARTMENT OF ADMINISTRATION  
EXIT CONFERENCE

The contents of this report were discussed on February 26, 2007, with Carrie Henderson, Commissioner; Earl Goode, previous Commissioner; and Mike Degner, Controller. The official response has been made a part of this report and may be found on pages 7 and 8.

A copy of the review comments was mailed on February 23, 2007, to Charles Martindale, former Commissioner.





# STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

## DEPARTMENT OF ADMINISTRATION

Indiana Government Center South  
402 West Washington Street, Room W478  
Indianapolis, Indiana 46204

March 9, 2007

Mr. Bruce A. Hartman, State Examiner  
Indiana State Board of Accounts  
302 West Washington Street, Room E418  
Indianapolis, Indiana 46204

Re: Response to Audit of IDOA through September, 2006

Dear Mr. Hartman,

The Department of Administration agrees with your findings and would like to offer individual responses to each finding.

### CAPITAL ASSET AGREEMENT

IDOA has met with OMB to discuss the PeopleSoft financial module project and how part of the solution could be addressed in this roll out. IDOA will work with OMB, the State Auditor and the State Board of Accounts to resolve.

I believe that the policy of listing all assets with a value of greater than \$500 needs to be examined and **one policy needs to be implemented statewide** (rather than the current policies of greater than \$500 for agencies and greater than \$20,000 for the Auditor's office).

As a long-term correction to this problem, the Department of Administration is implementing the PeopleSoft fixed asset system in conjunction with the Procurement System. This will allow state agencies to flag fixed assets at the time of purchase. By also having State Surplus Property involved, PeopleSoft assets that are to be retired will be transferred to State Surplus who will handle the retirement on the system. Since state agencies will have on line access to the PeopleSoft fixed asset system, it is envisioned that it will be easier to maintain this system.

### GARAGE PASS SDO

The current parking tags no longer require staff to pay a deposit. Since April 2004, the Department of Administration has been issuing refunds to all state employees who held parking passes and had paid the eleven dollar deposit. It is our plan to close the Garage Access SDO and fund center, 6000/133600, in June 2007. Any deposits not refunded at that time, as well as, any un-cashed checks will be forwarded to the Attorney General's Unclaimed Property Division.

### DAILY DEPOSITS

I believe that part of this problem is related to the fact that insurance checks frequently are passed from agency to agency before they finally make their way to State Motor pool.

Accounting Staff keep a log that shows the date checks are received as well as the date deposited with the Treasurer. All staff will be reminded of the requirement to make deposits by the next business day after receipt.

IMPROPER CLASSIFICATION OF REVENUE

As we move to billing from the new fleet management software, M5 we will have the ability to tie revenue objects to the various services and supplies that are furnished to state agencies by Motor Pool. IDOA will begin using additional revenue object codes to segregate into categories that correspond to the type of service being provided.

INTERNAL CONTROLS OVER SDO RECONCILIATIONS

IDOA staff members who are involved in the reconciliation process will be advised to sign and date the reconciliation form when it is prepared and reviewed.

If I may be of further assistance, please do not hesitate to contact me.

Sincerely,



Carrie Henderson, Commissioner  
Indiana Department of Administration

03/11/2014

ADMIN - 1 SIGN